

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Adoption of Policy and Process For
Acquisition of Incremental Core Gas Storage in
Compliance with Ordering Paragraph 5 of
Decision 04-09-022, And for Adoption of a Core
Reliability Planning Standard.

Application 05-03-001
(Filed March 2, 2005)

**RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW
JUDGE AND NOTICE OF PREHEARING CONFERENCE**

Summary

This ruling notices a prehearing conference for Thursday, June 2, 2005, at 10:00 a.m., to discuss the scope of issues to be addressed in this proceeding and the procedural schedule for resolving this application. Prehearing conference statements are to be filed on or before May 31, 2005.

Background

Pacific Gas and Electric Company (PG&E) filed the above-captioned application on March 2, 2005. PG&E's application was filed in response to Ordering Paragraph 5 of Decision (D.) 04-09-022. In that Ordering Paragraph, PG&E was directed to file an application to address how independent storage providers can be used to meet the incremental gas storage needs of core customers, the process by which these needs can be met, and the implementation issues related to the provisioning of core storage by independent storage providers. (D.04-09-022, pp. 38-40, 96.)

PG&E's application proposes to add incremental firm core storage capacity sufficient to meet a 1-day-in-10-year peak day standard. PG&E estimates that the adoption of such a standard would add approximately 100 thousand decatherms (MDth) per day of storage withdrawal capacity, and approximately 2-3 million decatherms (MMDth) of inventory capacity, but not less than 1 MMDth. Independent storage providers would be allowed to compete to provide these incremental core storage services.

Protests to the application were filed by The Utility Reform Network and by Wild Goose Storage L.L.C. Responses to the application were filed by Lodi Gas Storage and the Office of Ratepayer Advocates. PG&E filed a reply to the protests and responses.

Notice of Prehearing Conference

A prehearing conference will be held on June 2, 2005, at 10:00 a.m., to discuss whether the preliminary list of issues noted below should be included in the scoping memo for this proceeding, and to identify any other issues that should be included in the scoping memo. The prehearing conference will also discuss the procedural schedule for resolving this application.

The application, protests, responses, and reply have been reviewed. Based on these various pleadings, the following preliminary list of issues may be included in the scope of this proceeding.

- Should a 1-day-in-10-year peak day standard be adopted as the core gas reliability planning standard for PG&E?
- What considerations should the Commission weigh in deciding whether or not to adopt the proposed core gas reliability planning standard?

- If the 1-day-in-10-year peak day standard is adopted, under what conditions will independent storage providers be allowed to compete to provide this incremental firm core storage capacity?
- What other storage services will independent storage providers be allowed to compete for and under what conditions?
- What is the likely rate impact on core customers if the proposed core gas reliability standard is adopted?
- What processes should PG&E follow in determining the kind of storage proposals that should be solicited and which proposals will be acquired?
- Should PG&E's credit policies apply to independent storage providers submitting storage proposals?
- Should storage providers submitting storage proposals be required to meet certain reliability standards or be required to maintain sufficient facilities in order to deliver gas to PG&E's core customers under all conditions without relying on PG&E?
- Should Core Transport Agents be exempt from the 1-day-in-10-year peak day standard until the Core Aggregation program load reaches 10 percent of the core January capacity factor?
- Should PG&E be allowed to fully recover its incremental storage capacity costs in its monthly core procurement rates?
- What kind of changes should be made to PG&E's Core Procurement Incentive Mechanism to incorporate the incremental capacity, and in what proceeding should such changes be considered?
- Should the preapproval process in D.04-09-022 be modified to apply to storage contracts of less than three years and contracts that are acquired to meet the 1-day-in-10-year peak day standard,

and is this the appropriate proceeding in which to consider such a modification?

The prehearing conference will discuss whether the preliminary list of issues should be included in the scope of issues to be considered in this proceeding. In addition, the prehearing conference will address whether other issues should be included in the scope of this proceeding, and the schedule for resolving this application.

Persons interested in this proceeding may file a prehearing conference statement with the Docket Office on or before May 31, 2005. The prehearing conference statement should indicate whether the preliminary list of issues noted above should be included in the scope of this proceeding, whether other issues should be included in the scope of this proceeding, what issues require evidentiary hearings, and a proposed schedule.

A new service list for this proceeding will be created at the prehearing conference. Persons interested in participating in this proceeding as a party should appear at the prehearing conference and complete the appearance form. Those persons seeking “information only” or “state service” status may send a letter to the Commission’s Process Office requesting such status, or attend the prehearing conference.

Following the prehearing conference, a scoping memo and ruling for this proceeding will be issued.

Effective March 24, 2005, new service rules apply. (See D.04-12-057, revised Rule 2.3 and new Rule 2.3.1.) Service of documents in this proceeding shall be served by electronic mail (e-mail) to those on the service list that have

e-mail addresses.¹ Those on the service list who have not provided e-mail addresses shall have a copy delivered or mailed to them. The assigned Commissioner and the assigned ALJ shall be served by e-mail, and a paper copy of the document shall also be delivered or mailed to the assigned Commissioner and ALJ. In the event of “failure of e-mail service,” as defined in Rule 2.3.1(e), the serving party must re-serve the document as provided for in that subdivision “no later than the business day after the business day on which notice of the failure of e-mail service is received by the serving party.”

Until the new service list is created for this proceeding, the service list in R.04-01-025, A.04-03-021, and A.04-07-044 shall be used, together with the names and addresses that appear in Attachment A of this ruling.

Therefore, **IT IS RULED** that:

1. A prehearing conference shall be held on Thursday, June 2, 2005, at 10:00 a.m., at the Commission’s hearing room, State Office Building, 505 Van Ness Avenue, San Francisco, to identify issues raised by the application, and in the protests and responses to the application, and to discuss the procedural schedule for processing this application.

2. Pacific Gas and Electric Company (PG&E), and other interested parties, may file prehearing conference statements with the Docket Office on or before May 31, 2005.

¹ Rule 2.3.1.(c) requires that the document be in a “searchable” format. If you are using Adobe “PDF,” your document should be converted directly from the word processing software into the PDF format, instead of scanning the word processing document into a PDF format. Scanned PDF documents are not searchable.

- a. The prehearing conference statements should address whether the preliminary list of issues identified in this ruling should be included in the scope of this proceeding, whether other issues should be included in the scope of this proceeding, which issues require evidentiary hearings, and a proposed schedule for processing this application.
 - b. The prehearing conference statements shall be served as described in this ruling.
3. This ruling shall be served on the service lists in R.04-01-025, A.04-03-021, and A.04-07-044, and on the persons whose names appear in Attachment A of this ruling.
- a. Until the formal service list is established at the prehearing conference, any documents filed in this proceeding shall be served on the aforementioned service list and Attachment A.

Dated May 6, 2005, at San Francisco, California.

/s/ Dian Grueneich

Dian Grueneich
Assigned Commissioner

/s/ John S. Wong

John S. Wong
Administrative Law Judge

ATTACHMENT A

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(END OF ATTACHMENT A)

CERTIFICATE OF SERVICE

I certify that I have by electronic mail to those who provided electronic mail addresses, and by U.S. mail to those who did not provide e-mail addresses, this day served a true copy of the original Ruling of the Assigned Commissioner and Administrative Law Judge and Notice of Prehearing Conference on all parties of record in this proceeding and served in R.04-01-025, A.04-03-021, and A.04-07-044 or their attorneys of record.

Dated May 6, 2005, at San Francisco, California.

/s/ Fannie Sid

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

A.05-03-001 DGX/JSW/sid

TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.